

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
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In the Matter of )  
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Amendment of the Commission's )  
Rules and Policies to Increase ) CC Docket No. 95-115  
Subscribership and Usage of the )  
Public Switched Network )

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**NYNEX COMMENTS**

The NYNEX Telephone Companies ("NYNEX")<sup>1</sup> hereby comment on the Commission's Notice of Proposed Rulemaking ("NPRM") in the above-captioned matter.

**I. INTRODUCTION**

In the NPRM, the Commission seeks comments on ways to increase the level of telephone subscribership in the United States. Several specific proposals that the Commission is considering include:

- (1) prohibiting local exchange carriers ("LECs") from disconnecting local service for nonpayment of long-distance service;
- (2) requiring LECs to provide voluntary toll restriction services; and
- (3) extending Lifeline Assistance plans to schools and libraries.

In these Comments, NYNEX will describe a number of initiatives that it is undertaking to increase telephone subscribership in its region, including the community outreach and Lifeline Assistance programs that has helped to increase telephone

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<sup>1</sup> The NYNEX Telephone Companies are New York Telephone Company and New England Telephone and Telegraph Company

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subscriberhip for low-income and ethnic customers. However, NYNEX does not support the Commission's proposal to prohibit LECs from disconnecting local service for nonpayment of long-distance service. Although NYNEX is currently prohibited from doing so in some states in its region, we believe that the Commission should defer to the states on this issue. Indeed, the Commission's authority to preempt the states on this issue is questionable.

NYNEX also opposes the Commission's proposal to require LECs to provide voluntary toll restriction services. Although NYNEX offers these types of services in certain instances, we believe that the marketplace, and not regulation, should determine whether such services are offered by LECs.

NYNEX supports the Commission's goal of extending the information highway to schools, libraries and similar institutions. NYNEX has supported many programs to help achieve this goal. NYNEX believes, however, that state and local governments should have the primary responsibility for providing schools and other educational institutions with the funds they need to access the National Information Infrastructure, including the Internet. As an alternative, the Commission may wish to consider establishing an explicit, discrete fund for this purpose with contributions to the fund coming from all telecommunications service providers based on their share of total interstate retail revenues.

## **II. NYNEX OFFERS MANY PROGRAMS TO INCREASE TELEPHONE SUBSCRIBERSHIP**

NYNEX has long been active in reaching out, listening and responding to customers' needs and concerns. This outreach and education program has had great success in increasing telephone subscribership for ethnic and low-income customers and in increasing customer participation in Lifeline Assistance programs. Some of these efforts are described below.

In the past two years, NYNEX has stepped up its efforts to reach out to our ethnic communities. We have increased the number of Spanish speaking representatives from 50 to 275, and we have increased the number of Chinese speaking representatives from 8 to 41. We also have representatives that can offer assistance in numerous languages, including Korean, Russian and French. In fact, in 1996, we plan to aggressively expand our Korean language communication capabilities.

NYNEX was the first BOC to introduce a Spanish language bill. We are now in the process of designing a Chinese language bill that is scheduled for deployment in late 1996.

NYNEX has been using various advertising media to communicate to the Hispanic marketplace the importance of acquiring telephone service. In the past 18 months, this proactive program to improve subscribership in the Hispanic community has resulted in approximately 9,000 new customers, many of them enrolling for Lifeline service. NYNEX is planning to expand this program into the African American and Asian American marketplaces in the near future.

NYNEX has also taken a number of steps to increase the level of enrollment in Lifeline Assistance programs.<sup>2</sup> NYNEX has been engaged in extensive outreach efforts to promote customer awareness of Lifeline Programs and recently committed to spend an additional \$2.5 million over the next five (5) years to further increase customer awareness.

NYNEX has also initiated programs to ensure that telephone service remains available and affordable for senior citizens and people with disabilities. For example, in New York, NYNEX has developed a Special Protections program to avoid disconnecting telephone service for senior citizens. Once a customer is enrolled in the service, NYNEX provides extra time to pay the telephone bill if a disconnection notice is issued and will offer a quarterly payment plan if the customer's annual telephone bill is \$150 or less. NYNEX also has committed to spend \$2 million to distribute telephone equipment to Lifeline Assistance customers who are disabled.

Working closely with government and private organizations, NYNEX provides a wealth of information to special need customers in an effort to keep them on the network. During 1996 and beyond, NYNEX will continue to implement programs to ensure that our customers are able to take advantage of all the value that telecommunications technology can bring to their lives.

### **III. THE COMMISSION SHOULD NOT PROHIBIT LECs FROM DISCONNECTING LOCAL SERVICE FOR NONPAYMENT OF LONG-DISTANCE CHARGES**

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In 1986, when the Commission deregulated interstate billing and collection, it

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<sup>2</sup> NYNEX currently has nearly 900,000 customers receiving Lifeline Assistance.

decided to defer to state regulatory authorities with respect to the practice of disconnecting local service for nonpayment of long-distance charges. The Commission found that this practice did not have any adverse effects from either a consumer or competitive standpoint.<sup>3</sup>

NYNEX does not believe that there has been any changed circumstances that would warrant a reversal of this policy. Although the Commission states that disconnection of local service for nonpayment of long-distance charges is the single most significant cause of nonsubscribership,<sup>4</sup> the fact remains that the level of telephone subscribership is greater today than it was in 1986. Furthermore, in some states where disconnection of local service for nonpayment of long-distance charges is not allowed,<sup>5</sup> the level of subscribership is lower than the national average. Finally, the inability to disconnect service results in increased uncollectibles.<sup>6</sup>

It is also questionable whether the Commission has the authority to preempt states on this issue. In Public Service Com'n of Maryland v. F.C.C.,<sup>7</sup> the United States Court of Appeals for the District of Columbia ruled that the Commission had the authority to preempt state regulatory authorities from regulating the rates charged by LECs for disconnecting local service for nonpayment of long-distance charges. In upholding the

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<sup>3</sup> Detariffing of Billing and Collection Services, 102 FCC 2d 1150, 1176 (1986).

<sup>4</sup> NPRM at ¶ 30.

<sup>5</sup> According to the Commission's August 1, 1995 Telephone Subscribership Report, Nevada, Wyoming and New York have lower subscribership rates than the national average even though disconnection is prohibited. And, there are 20 states which have subscribership levels exceeding the national average even though they do not prohibit disconnection of local service for nonpayment of long-distance charges.

<sup>6</sup> In New York, NYNEX is now prohibited from disconnecting local service for nonpayment of long-distance charges. This has resulted in a significant increase in the level of uncollectibles for interexchange carriers ("ICs") that NYNEX bills for

<sup>7</sup> 909 F.2d 1510 (D.C. Cir. 1990).

Commission's decision, the Court emphasized that the Commission's action was narrowly focused to protect interstate ratepayers. In addition, at that time, it was not possible for a LEC to disconnect a customer's long-distance service unless it also disconnected local service. Because it was impossible to separate the interstate and intrastate service, the Court concluded that local disconnection fell within the Commission's regulatory jurisdiction.<sup>8</sup>

That is not the case today. It is now technologically possible to cut off interstate access independent of local service. Thus, while the Commission is free to adopt rules governing the circumstances under which long-distance service may be cut off, it cannot adopt rules which govern the circumstances under which local service may be cut off. The Court of Appeals' decision clearly indicates that if it had been technologically possible to cut off interstate access independent of local service, its decision may very well have been different.<sup>9</sup>

NYNEX thus believes that the Commission should not prohibit LECs from disconnecting local service for nonpayment of long-distance service. The Commission should continue to defer to the states on this issue.

#### **IV. LECs SHOULD NOT BE REQUIRED TO PROVIDE VOLUNTARY TOLL RESTRICTION SERVICES**

NYNEX opposes the Commission's proposal to require LECs to provide voluntary toll restriction services. Although NYNEX offers these types of services in certain instances, we believe that the marketplace, and not regulation, should determine whether such services are offered by LECs. NYNEX believes that LECs will provide toll

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<sup>8</sup> 909 F.2d at 1516.

<sup>9</sup> *Id.* at 1516-17.

restriction services where customer demand for the service exists. The Commission, however, should not force LECs to incur the costs of offering these services where there is no demand for the service or where it would be uneconomical to provide the service.

In its New England states, NYNEX offers a service, known as Curb-A-Charge, which allows customers to block outgoing long-distance calls. Although this service has been available for a number of years, only 179,000 or 3.17% of NYNEX New England customers subscribe to the service.

Recently, NYNEX began to utilize a \$200 monthly cap on interexchange carrier calling for new customers in New York who have no payment history and cannot provide positive identification. Approximately 25,000 to 30,000 customers per month are being placed on the network with the cap. NYNEX plans to introduce similar toll cap programs in other states served by NYNEX <sup>10</sup>

NYNEX believes that these initiatives, along with initiatives in other regions, show that there is no need to impose additional regulatory requirements at this time.

#### **V. NYNEX SUPPORTS THE COMMISSION'S GOAL OF EXTENDING THE INFORMATION HIGHWAY TO SCHOOLS, LIBRARIES AND SIMILAR INSTITUTIONS**

NYNEX supports the Commission's goal of extending the information highway to

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<sup>10</sup> NYNEX also intends to explore with state regulatory commissions the feasibility of establishing calling caps for existing customers based on their payment history. We believe that such a program would help struggling customers control the use of their phones. As customers display good payment behavior, their credit limits would be raised or even eliminated.

schools, libraries and similar institutions. NYNEX has supported many programs to help achieve this goal. Some of these are described below

**NYNet/The Living Textbook** - The Living Textbook is a trial project that links the Ralph Bunche School in Harlem, Fowler High School in Syracuse, Rome Free Academy in Rome, and Whitesboro Middle School, near Utica, to the Internet, the computers of Syracuse University's Northeast Parallel Architectures Center (NPAC) and research facilities at the U.S. Air Force Rome Laboratory. The students at the various schools can see and talk to each other, while simultaneously working on the same project. NYNEX has contributed over \$8 million to fund this project.

**NYClassNet** is a digital two-way audio/video distance learning network that connects four New York City High Schools, Manhattan Community College and Lincoln Center to deliver college courses, share teaching resources, and host cultural events. NYNEX has contributed over \$2.5 million.

**Project Tell** was a 3-year, \$3 million project that focused on assessing the impact of telecommunications technology on disadvantaged students. Three initiatives were introduced into nine schools in New York City: Personal Computers (PCs) in the classroom, PCs in student homes and parent-teacher communication via voice messaging. The City University of New York was hired to evaluate the effect on the involved children. The project concluded in 1993. **Project TELL II**, a continuation of Project TELL, will follow the same students via an evaluation process through high school.

A six-site multi-channel analog video network links **Bunker Hill Community College** and the Massachusetts Consortium for Education and Technology (MCET) with several Boston high schools. Classes are taught via distance learning from college to local high schools and to classes in other parts of the country. (NYNEX contribution - over \$300,000).

The **Dutchess County BOCES** Elementary Distance Learning Pilot is a fiber based analog two-way audio/video distance learning pilot that will include two elementary schools (NYNEX planned contribution - \$250,000).

In addition, the New York Incentive Regulation Plan just negotiated includes the "**NYNEX Diffusion Fund**," which provides \$10 million per year for 5 years for infrastructure and new technology for health care and education projects in underserved areas -- \$50 million in all.

NYNEX has also provided through corporate and foundation grants an undetermined amount of money over the years for development of telecommunications or technology in the classroom. In 1995 alone, the amount budgeted for such purposes was over \$4 million.



NYNEX believes that state and local governments should have the primary responsibility for providing schools and other educational institutions with the funds that they need to access the National Information Infrastructure (NII), including the Internet. For example, in Vermont, the state's capital spending bill for fiscal 1996 included \$978,000 in funding for a computer network to link state agency offices and allow schools access to the Internet with a local phone call

As an alternative, the Commission may wish to consider establishing an explicit, discrete fund for the purpose of providing financial support for access to and use of the NII. However, in order to ensure that costs are shared equitably, all providers of telecommunications services should be required to contribute to the fund based on their share of total interstate retail revenues. In a competitive environment, it is unfair to impose such burdens on the LECs and their customers alone.

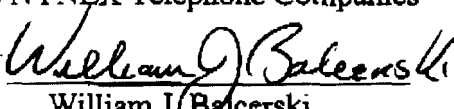
## **VI. CONCLUSION**

NYNEX fully supports efforts to increase telephone subscribership and has implemented many measures to increase the availability of telephone service to low-income and ethnic customers. Nevertheless, NYNEX does not believe that the specific

proposals raised in the NPRM should be implemented. The states and the marketplace should determine whether local service disconnection and toll restriction services are offered. NYNEX supports the Commission's goal of extending the information highway to schools, libraries and similar institutions.

Respectfully submitted,

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